

E 185

.8

.H85

Copy 2

FLM

2015

012691



Important Announcement

Howard University has received from Dr. J. E. Moorland a gift of his large private collection of books and pamphlets by and about the Colored Race, together with valuable memorabilia of other kinds. The Trustees have voted with great gratitude to receive the collection and name it the "J. E. Moorland Foundation," upon which can be built up a large collection through future years. Dr. Moorland's gift is now being classified and the former Tappan collection will be added to it. Eminent men all over the country have written that Howard University is the place for the greatest collection of this kind which it is possible to bring together.

Have you and your friends some books or pamphlets which are suitable for this "Foundation" and which you can donate for our use?

Address all inquiries or gifts to President S. M. Newman, Howard University, Washington, D. C.

Howard University, Washington, D.C. Commercial College

HOWARD UNIVERSITY RECORD

HOWARD UNIVERSITY RECORD: Published by Howard University in January, March, May, June, November and December. Subscription price, one year, twenty-five cents. Entered at the Post Office at Washington, D. C., as second class mail matter.

Volume 9 WASHINGTON, D. C., DECEMBER, 1915 Number 6

Commercial College Studies of Negroes in Business



No. II: NEGRO INSURANCE

GEORGE W. HINES, A. B., *Collaborator*

GEORGE WM. COOK, A. M., LL. M., *Dean of the
Commercial College*

COMPLIMENTS OF

GEORGE W. HINES,

HOWARD UNIVERSITY

E185
.8
H85
Copy 2

THE BOARD OF TRUSTEES
of
HOWARD UNIVERSITY

Ex-Chief Justice STANTON J. PEELLE, LL. D., *President of Board of Trustees*
STEPHEN M. NEWMAN, A. M., D. D., *President of the University*
GEORGE WM. COOK, A. M., LL. M., *Secretary and Business Manager*
EDWARD L. PARKS, A. M., D. D., *Treasurer and Registrar*

Justice GEORGE W. ATKINSON, LL. D., Washington, D. C.
Rev. H. PAUL DOUGLASS, D. D., New York City.
ANDREW F. HILYER, A. B., LL. M., Washington, D. C.
Rev. STEPHEN M. NEWMAN, A. M., D. D., Washington, D. C.
Ex-Chief Justice STANTON J. PEELLE, LL. D., Washington, D. C.
Rev. ULYSSES G. B. PIERCE, D. D., Washington, D. C.
Rev. CHARLES H. RICHARDS, D. D., New York City,

Justice THOMAS H. ANDERSON, LL. D., Washington, D. C.
Justice JOB BARNARD, LL. D., Washington, D. C.
WILLIAM V. COX, A. M., Washington, D. C.
Rev. FRANCIS J. GRIMKE, D. D., Washington, D. C.
Mr. HENRY E. PELLEW, Washington, D. C.
Hon. CUNO H. RUDOLPH, Washington, D. C.
WILLIAM A. SINCLAIR, M. D., Philadelphia, Pa.
* Principal BOOKER T. WASHINGTON, LL. D., Tuskegee, Ala.

Mr. JOHN T. EMLLEN, Philadelphia, Pa.
Rev. ALAN HUDSON, D. D., Brockton, Mass.
THOMAS JESSE JONES, Ph. D., Washington, D. C.
Rev. JESSIE E. MOORLAND, D. D., Washington, D. C.
Hon. JAMES C. NAPIER, LL. D., Nashville, Tenn.
CHARLES B. PURVIS, M. D., Boston, Mass.
JAMES H. N. WARING, M. D., Washington, D. C.
MARCUS F. WHEATLAND, M. D., Newport, R. I.

HONORARY MEMBERS

Hon. JOSEPH H. CHOATE, LL. D., New York City.
Mr. JOHN A. COLE, Chicago, Ill.
Bishop BENJAMIN F. LEE, D. D., Wilberforce, Ohio.
Hon. JOSEPH D. SAYERS, Austin, Texas.
Hon. WILLIAM H. TAFT, LL. D., New Haven, Conn.
Bishop BENJAMIN TUCKER TANNER, LL. D., Philadelphia, Pa.
Bishop WILBUR P. THIRKIELD, LL. D., New Orleans, La.
Hon. GEORGE H. WHITE, Philadelphia, Pa.

PATRON EX-OFFICIO

Hon. FRANKLIN K. LANE, Secretary of the Interior.

* Deceased.

E185
Geo. W. Cook
Nov. 28 1885

TABLE OF CONTENTS

	PAGE
THE NATURE OF THE INQUIRY	6
A BRIEF HISTORY OF THE INSURANCE BUSINESS	7
LIST OF ORGANIZATIONS CONDUCTING SOME FEATURES OF THE INSURANCE BUSINESS .	9
PRESENT CONDITIONS	15
TYPES OF INSURANCE ENTERPRISES	16
CONCLUSION	24
SELECT BIBLIOGRAPHY	27
APPENDIX	
A. SCHEDULE E.	29
B. SCHEDULE F.	30
C. GENERAL TABLE	31

The Nature of the Inquiry

This study, which forms the second publication of the Commercial College Studies of Negroes in Business, is an attempt to present truth secured by a careful research, concerning insurance enterprises. The spirit of the work is that of social service, the aim being to collect data which will give something of the development of business enterprises and point out a field of service which is expanding with modern civilization. Thus, ^{re}there is an incentive offered to those among us who show an inclination to develop such endeavours, as well as indicating how far the race has proved itself efficient in working out its economic salvation.

The writer has investigated this problem and presents data received through schedules of inquiry and personal contact and attempts to reach some conclusions.

A suggestive list of books and articles is given with the hope that those interested in the subject may find them helpful.

Many suggestions have been received from men who are actively engaged in this vocation and I take this opportunity to express my sincere thanks to them, for the interest they have taken in the matter and the contribution they have made.

The scope of this study covers a comparison of present and past information found on the subject and an intensive search of present conditions of the problems of insurance.

—*George W. Hines*

A Brief History of the Insurance Business

THE insurance business has so many ramifications in our economic life that one must bow to the fact that it is impossible to classify the kinds of insurance along any rigid lines of demarcation. We can not mistake the causes which led to their inception. Furthermore, we must take them as they exist today and it is quite clear that there are some common characteristics to be found in all classes of insurance among our people. For the convenience of treating the subject, the writer will divide the enterprises into: Sick and Benefit Associations, Fraternal Beneficiary Societies and Industrial Life Insurance Companies. The distinction being that a life insurance corporation has capital stock and is organized for a profit and its policies are contracts of indemnity.

History

With some confidence a brief survey of the history of insurance business may be given. The Hampton Negro Conference Report No. 8, July 1904, states that, "The History of the Negro in insurance extends beyond the day of his freedom in this country. While there are no records available, yet from reliable sources we learn that more than seventy-five years ago there existed in every city of any size in Virginia, organizations of Negroes having as their object the caring for the sick and the burying of the dead. In but few instances did the society exist openly, as the laws of the time concerning Negroes were such as to make it impossible for this to be done without serious consequences to the participants. History shows that no matter how the oppressed and enslaved may have been watched and hedged in, there was always found a way by which they could get together and this has been no less true of the Negro in his attempt to combine for mutual protection from the results of sickness and death. Although it was unlawful for Negroes to assemble without the presence of a white man, and so, unlawful to allow a congregation of slaves on a plantation without the consent of the master, these

organizations existed and held their meeting on the "lots" of some of the lawmakers themselves. The general plan seems to have been to select some one who could read and write and make him Secretary. The meeting-place having been selected the members would come by ones and twos, make their payments to the Secretary, and quietly withdraw. The books of the Secretary were often kept covered up on the bed. In many of the Societies each member was known by a number and in paying simply announced his number. The President of such a Society was usually a privileged slave who had the confidence of his or her master and could go and come at will. Thus a form of communication could be kept up between all members. In the event of the death of a member provision was made for decent burial, and all the members as far as possible obtained permits to attend the funeral. It is reported that the members were faithful to each other and that every obligation was faithfully carried out. This was the first form of Insurance known to the Negro from which his family received a benefit."

"In the pamphlet issued by the Pennsylvania Society for Promoting Abolition of Slavery in 1838, there are listed eighty Beneficial Societies (among them being the Sons of St. Thomas, which is in existence today), but no actual insurance societies are mentioned." In the History of Insurance Companies of North America, one of the leading insurance companies of Philadelphia, the following note is made: "The same year (1810) witnessed the creation of the African Insurance Company, which was located at No. 159 (now 529) Lombard Street, Joseph Randolph, President; Cyrus Porter, Treasurer; William Coleman, Secretary; with a cash capital of \$5,000.00. The members of this Company are colored persons as stated in the directories of 1811 and 1813. In the latter year it was located at No. 155 Lombard Street, which appears to have been the residence of the Secretary, whose profession was given as 'teacher.' We find no traces of it after this year. Some of its policies are yet preserved in the families of its insured. This no doubt antedates any other effort of this kind made by Negroes." *The Early History of Negroes in Business in Philadelphia* by Henry M. Minton, M. D., 1913,

Mr. Charles Westley, in quoting from Preamble-Arnett, Budget, pages 93-94, says, "There is further evidence that there was formed in Philadelphia in 1787, 'The African Society' by Absalom Jones and Richard Allen. This association eventually resolved itself into the African Methodist Church, but it began with the idea that a Society should be formed, without regard to religious tenets, provided the persons lived an orderly and sober life, in order to support one another in sickness, and for the benefit of their widows and fatherless children."

While there is difference in opinions as to the time when the insurance business really had its beginning, the causes which led to the development of such enterprises among the Negroes of the North and the South are similar. It must be observed that those people in the early days had a fixed idea of mutual aid and something of a vision of responsibility for their fellows; hence they developed a crude method of transacting their business by selecting from their group persons who had had some special advantages. One may read into the narrative the fact that a Negro slave was not always given a burial which satisfied the members of his group.

At first we find these societies local in their activities; but there was a gradual widening of the scope of their functions and an extension of mutual aid until today they are strong organizations in a field of open competition; in some cases a company operates in several states, while older and larger Fraternal Associations exist in all of the Southern states and in most of the Middle, Western and Northern states.

List of Organizations Conducting Some Features of the Insurance Business

Reported by Insurance Commissioners

District of Columbia

National Benefit Association.

Richmond Beneficial Company.

Royal Order of Jonavid of America.

Knights of Pythias of North America, South America, Asia, Africa and Australia.

Arkansas

Knights of Guiding Star of East, Norrilton, Ark.
Knights and Ladies of Honor of the World, Little Rock, Ark.
Knights and Ladies of Honor, Cincinnati, Ohio.
Knights and Daughters of Tabor, Little Rock, Ark.
Masonic Benefit Association, Prescott, Ark.

Kentucky

Mammoth Life and Accident Insurance Company, Louisville, Ky.
National Benefit Association, Washington, D. C.

Virginia

American Beneficial Insurance Company.
Richmond Beneficial Insurance Company.
Southern Aid Society of Virginia, Incorporated.
Virginia Beneficial and Insurance Company, Incorporated.
Afro-American Order of Red Men and Daughters of Pochontas, Incorporated.
Boydton Mutual Aid Benevolent Society of Virginia.
Central Relief Association of Virginia.
District Grand Lodge No. 15, Grand United Order of Odd-Fellows of the State of Virginia.
District Grand Tabernacle No. 2 of the General Grand and Accepted Order of Brothers and Sisters of Love and Charity.
Golden Gate to Success, Incorporated.
Good Hope Charitable Association.
Grand Court Order of Calanthe of the State of Virginia.
Grand Lodge of the Charity Order of Saint Paul.
Grand Lodge, Knights of Pythias, N. A., S. A., E., A., A., and A.
Grand United Order of Knights of Damon.
Grand United Order of Moses.
Grand United Order of Sons and Daughters of Peace.
Imperial Grand United Order of Abraham.
Imperial Order of King David.
Improved Order Shepherds and Daughters of Bethlehem.
Independent Order of Hamites, Incorporated.

Industrial and Charitable Union.
 International Colored Fraternity.
 J. R. Giddings and Joliffee Union.
 Knights of Gideon.
 Knights of Saint Mark Mutual Aid Society.
 Legion and Ladies of Chaldeans.
 Peoples Benevolent and Fraternal Society.
 Peoples Relief and Fraternal Corporation of Virginia.
 Richmond Industrial Beneficial Club of Virginia, Supreme
 Lodge.
 Right Worthy Grand Council, Independent Order of Saint
 Luke.
 Royal Order of Joseph.
 Royal Order of Menelik and Princesses of Abyssinia of Amer-
 ica.
 Star of Zion Union Reform Royal Relief Corporation.
 State Grand Lodge, No. 6, Independent Order of Good Sa-
 maritans and Daughters of Samaria of Virginia.
 Supreme Fountain of the National Ideal Benefit Society, In-
 corporated.
 Supreme Grand Council of the Sons and Daughters of the I.
 O. of St. Lukes.
 True Reformers, Grand Fountain United Order.
 Union Band of Zion.
 United Order of the Sons and Daughters of the Four and
 Twenty Elders.
 National Order of Mosaic Templars of America.

Mississippi

American Workmen, Washington, D. C.
 Benevolent Industrial Association, Vicksburg, Miss.
 Brothers and Sisters Sacred Order of Profection, Columbus,
 Miss.
 Colored Brothers and Sisters Home Union Society, Summit,
 Miss.
 Colored Protective Society, New Albany, Miss.
 Colored Knights of Pythias, Meridian, Miss.
 Eastern Star Benefit Association, Columbus, Miss,

Excelsior Grand Court of Calanthe, Jackson, Miss.
 Good Samaritans and Daughters of Samaria, Magnolia, Miss.
 Grand United Order of Workmen, Eupora, Miss.
 Holbrook's Benevolent Association, Russell, Miss.
 Independent Order of Immaculates, Itta Bena, Miss.
 Independent Sons and Daughters of Jacob, Jackson, Miss.
 Knights and Ladies of Charity, Goldwater, Miss.
 Knights of Industry, Washington, D. C.
 Knights and Ladies of the Temple of America, Greenville, Miss.
 Knights and Ladies of Liberty Union, Greenville, Miss.
 Missionary Baptist Christian Union, Greenville, Miss.
 Mississippi Benevolent Society, Lexington, Miss.
 Mississippi Farmers Aid Society, Shannon, Miss.
 Mosaic Templars of America, Little Rock, Ark.
 Odd Fellows Benefit Association, Holly Springs, Miss.
 Pioneer Mutual Aid Society, Gunnison, Miss.
 Sons and Daughters of Gideon, Hattiesburg, Miss.
 United Woodmen Benefit Association, Crystal Springs, Miss.
 Woodmen of Union, Indianola, Miss.

Georgia

Industrial Life and Health Companies

Atlanta Mutual Insurance Association, Atlanta.
 Georgia Mutual Industrial Life and Health Insurance Com-
 pany, Augusta.
 Mutual Benefit Industrial Life Insurance Association, Savannah.
 Peoples Health and Life Insurance Company, Macon.
 Pilgrim Health and Life Insurance Company, Augusta.
 Standard Life Insurance Company, Atlanta.

Fraternal Order

Knights of Moses Benevolent and Fraternal Association

Maryland

Mutual Benefit Society of Baltimore.
 * Star Life Insurance Company.
 * Home Mutual Society.
 * Security Life Insurance Company.
 * State Mutual Aid Society.

* Negro business operated by white people.

Kansas

Knights and Ladies of Protection, Topeka, Kansas.

Missouri

Home Protective Association, Hannibal, Missouri.

North Carolina

Afro-American Mutual, Charlotte, North Carolina.

Grand United Order O. F., Nashville, North Carolina.

Knights of Pythias, Winston, North Carolina.

Masonic Benefit Fund, Raleigh, North Carolina.

Peoples Independent Order True Reformers, Charlotte, North Carolina.

Independent Order St. Luke, Richmond, Virginia.

United Order of J. R. Giddings and Jolliffee Union, Norfolk, Virginia.

South Carolina

Fraternal Orders

District Grand Lodge No. 13, G. U. O. O. F., Columbia, South Carolina.

State Grand Lodge No. 4, I. O. G. S. F. S., Columbia, South Carolina.

State Grand Lodge No. 12, I. O. G. S. F. S., Sumter, South Carolina.

Royal Knights of King David, Durham, North Carolina.

South Carolina Grand Lodge Knights of Pythias, Columbia, South Carolina.

Working Benevolent State Grand Lodge, Greenville, South Carolina.

Industrial Life Insurance Companies

Afro-American Mutual Insurance Company, Rock Hill, South Carolina.

Mutual Relief and Benevolent Association, Columbia, South Carolina.

Mutual Associations

Aid and Assistance Society, New Brookland, South Carolina.

Abraham Lincoln Society, Levys, South Carolina.

Bethlehem Society, Ward, South Carolina.

Emancipation Society, Yemassee, South Carolina.
Home Society, New Brookland, South Carolina.
Link and See Society, Port Royal, South Carolina.
Pine Grove Benevolent Society, Columbia, South Carolina.
Rising Light Society, Gray Hill, South Carolina.
Sons and Daughters of Hope, Greenville, South Carolina.
Social Benevolent Society, Ridge Spring, South Carolina.
Taylor's Chapel Mutual Aid Society, Blythewood, South Carolina.

Mutual Protection Assessment Life Insurance Associations

Bradley Burial and Aid, Bradley, South Carolina.
Columbia Mutual Benefit Association, Columbia, South Carolina.
Grand Central Farmers Aid Society, Easley, South Carolina.
Kershaw County Social Benevolent Society, Camden, South Carolina.
Young Men's Sunlight Society, Newberry, South Carolina.
Women's Christian Union Association, Laurens, South Carolina.

Oklahoma

Exchange Insurance Association, Muskogee.
Improved Industrial Order of Wise Men, Muskogee.
United Brothers of Friendship and Sisters of the Mysterious Ten, Wagner.

Texas

Colored Helping Hand Society, Waco.
Colored Knights of Pythias, Waco.
Colored Modern Wood Choppers, Terrell.

Florida

Afro-American Independent and Benefit Company, Jacksonville.
Union Mutual Insurance Company, Jacksonville.

Present Conditions

From the clannish instinct of protection within a small group these institutions have spread their influence to an attempt at being busy for a profit. It is found that in communities where the Negro population is too small to support a fraternal organization these people join the nearest society and attend meetings and pay their dues when it is possible. From a limited economic motive, these institutions have grown until now their present cash assets are over two million dollars; they are giving employment to several hundred persons and they possess property valued at more than ten million dollars.

At first there was only a proclivity to protect the members of a group during sickness and provide a decent burial for them. In so far as one may trace economic action, the first policies were issued by the fraternal societies and their scope was gradually extended until today the tendency of the larger industrial companies is to issue straight life and endowment policies. It is the experience of such companies that the returns from sick benefit policies decrease as the company expands its business after a number of years. Of course, a healthful growth of business during these years, that is, policies being written for a younger class of people, and a corresponding reserve set aside, may obviate a decrease in returns.

The form of policies and the form of application blanks are being changed to meet the conditions of modern ideas. The fact that one thousand people may be taken as they come without an examination and the average death rate will be about the same as a thousand who have passed a medical examination is being recognized more and more.

We must note that the business has developed in recent years through the usual channels, that is, from a partnership to the corporation, its present status.

Secret Orders show a tendency to do more than a mere burial insurance business. The present stage indicates a clear movement to have the membership hold an endowment policy which means a cash return beyond that allowed for a burial. These policies range from one hundred to three hundred dollars each.

The idea of an expensive traditional burial is being overcome and something is to be left to the family of the deceased. This is one of several forces at work which is giving the Negro a better understanding of the right attitude toward insurance.

The industrial feature of insurance is popular with the race, but the Negro insurance companies have been loathe to enter the field. First, because the high death rate demands a corresponding high premium and an increase of the business unit calls for a larger amount of capital for a company to operate. The Negro has been unable to fund many large enterprises. Second, the white companies catering to the business among Negroes make it profitable by charging a higher premium for Negroes than for whites. Furthermore, they have the facilities which enable them to make a speciality of any one branch of the business.

The future aspect of the business among Secret Orders is promising, if we may take for an example the amount of money they are collecting. One order states its financial resources in 1913, as follows: Endowment in treasuries \$340,779.97, Property owned by Grand and Supreme Lodges \$457,233.04 and Property owned by Subordinate Lodges \$698,976.17 a total of \$1,496,989.18.

Types of Insurance Enterprise

The State of Virginia

Example No. 1. It is significant to note that in the State of Virginia with a Negro population of 671,096 there are four Industrial Sick Benefit Companies and thirty-eight Fraternal Beneficiary Associations which do an insurance business.

The state insurance commissioner's report of 1914 is the source of data which is used to furnish the following facts: The four Industrial Sick Benefit Companies possessed a Capital paid up in cash of \$77,440.00; Total Income \$696,851.78; Total Disbursements, \$658,885.40; Total Ledger Assets, as per balance \$281,028.31; Total admitted Assets \$288,239.82; Liabilities excluding Capital, \$24,244.05 and Surplus as regards policy-holders, \$263,995.77. The business in Virginia for 1913 was: Gross Premiums Received \$323,215.04 and Gross Losses Paid, \$169,871.05*

* Two companies not reporting this item.

Thirty-eight Fraternal Beneficiary Associations exhibit the following facts: Income from members,† \$289,428.40; Disbursements, \$397,075.46; Admitted Assets, \$370,580.50; Liabilities, \$167,377.98; Balance to protect contracts, \$490,179.39; ‡Benefit Certificates in force December 31, 1913, 90,758; Amount of Business, \$8,405,270.00; Benefit Certificates written during the year, 23,374; Amount of Business, \$2,075,711.50; Claims paid during the year, 2,078; Amount of Claims, \$252,760.81. See Table I.

The mecca for the headquarters of the above institutions is Richmond; here one may find large business enterprises conducted by the officers of these companies, which employ several hundred persons. They have acquired valuable city blocks whose rental assets amount to thousands of dollars a year.

Table I
Industrial Sick Benefit Companies
(Four Companies)
State of Virginia

Amount of Capital paid up in cash	\$ 77,440.00
Total Income	\$696,851.78
Total Disbursements	\$658,885.40
Total Ledger Assests, as per balance	\$281,028.31
Total Admitted Assests	\$288,239.82
Liabilities excluding Capital	\$ 24,244.05
Surplus as regards policyholders	\$263,995.77

BUSINESS IN VIRGINIA, 1913
Industrial sick benefit

*Gross Premiums Received	\$323,215.04
*Gross Losses Paid	\$169,871.05

† Income from other sources not given.
‡ Thirteen associations not reporting exhibits of certificates.
*Two companies not reporting this item.

Fraternal Beneficiary Associations

(Thirty-eight Associations)

*Income (from members)	\$289,428.40
Disbursements	\$397,075.46
Admitted Assets	\$370,580.50
Liabilities	\$167,377.98
Balance to protect contracts	\$490,179.39

	Total Number	Business Amount
Benefit Certificates in force	90,758	\$8,406,270.00
December 31, 1913	23,374	\$2,075,711.50
Benefit Certificates written during the year.		

	Total Number	Claims Amount
Claims paid during the year	2,078	\$ 252,760.81
Thirteen not reporting this item for exhibits of certificates.		

The true significance of the above figures is not to be found in a money consideration, for who can measure the amount of economic or social good a community receives from such institutions? Social uplift is evidenced by the movements of the collector, who is going from house to house making suggestions for better sanitary conditions, by the distribution of helpful literature, by acquainting his patrons with business methods and by kind words. My personal investigation in the city of Richmond disclosed the fact that the Negroes are taking pride in their institutions and this in turn is serving as an incentive for private ownership and a better citizenship.

"The question as to whether the decrease in mortality among the Negroes in 1910 as compared with 1900 was due to permanent causes, such as improved housing conditions, better medical attention, and in general improved sanitary conditions, and not the absence of epidemics, is an important and interesting one.

"Undoubtedly one of the factors which has caused the decrease in the death rate—which decrease is almost universal in the cities of the South—is the increase in home ownership among the Negro population.

*Income from other sources not given.

“In the city of Richmond Negro inhabitants per owned home were twenty-eight; decrease in death rate: 1900—1910, 7.5 per cent.”—*Bulletin 126, Negroes in the United States. Department of Commerce.*

Washington, D. C.

Example No. 2. In the city of Washington where the Negro population is one hundred thousand there are two companies which are classified as Health, Accident and Life Companies and two Fraternal Beneficial Associations reporting to the office of the Insurance Commissioner. The Life Associations report: Total Income \$415,472.60; Total Disbursements, \$377,126.40; Total Ledger Assets \$209,133.83; Total Liabilities except Capital, \$7,740.-07; Capital paid up in cash \$30,000.00; Surplus over all Liabilities \$159,784.95; Policies written during the year, Number 31,826. Amount \$1,610,518.00; Total policies or certificates in force December 31, 1913, 89,523; Amount \$4,284,245.70; Death Claims paid during the year 943; Amount \$43,190.28; Sick and Accident Claims paid during the year 31,583; Amount \$114,830.73.

While the Fraternal Beneficial Association's report: Total Income \$14,634.43; Total Disbursements \$7,364.66; Total Ledger Assets \$23,869.29; Liabilities \$1,900.00; Benefit Certificates written during the year, Number 438; Amount \$412,859.00; Death Claims paid during the year, Number 32; Amount \$6,258.33.

Here we find a changing population greater perhaps than in any other city. The influx of Negroes for political positions and domestic pursuits is most likely the reason for this condition. A recent study of the conditions in New York City brought out the fact that many Negroes go to that city from Washington, because of greater industrial opportunities. These conditions in part account for a dearth of business in Washington; yet, it is found that among the total companies doing this kind of an insurance business in the City of Washington that the National Benefit Association a “Negro Company” does the largest business.

Table II

Health, Accident and Life Associations

District of Columbia

Total Income.....	\$ 415,472.60
Total Disbursements.....	\$ 377,126.40
Total Ledger Assets.....	\$ 209,133.83
Total Liabilities except Capital.....	\$ 7,740.07
Capital paid up in cash.....	\$ 30,000.00
Surplus over all Liabilities.....	\$ 159,784.95

	Number	Amount
Policies written during the year.....	31,826	\$1,610,518.00
Total policies or certificates in force De-		
cember 31, 1913.....	89,523	\$4,284,245.70
Death Claims paid during the year.....	934	\$ 43,190.28
Sick and Accident Claims paid during the		
year.....	31,583	\$ 114,830.73

Fraternal Beneficial Associations

Total Income.....	\$ 14,634.43
Total Disbursements.....	\$ 7,364.66
Total Ledger Assets.....	\$ 23,869.29
Liabilities.....	\$ 1,900.00
Benefit Certificates written during the year...438	\$ 20,971.00
Total Benefit Certificates in force December 31,	
1913	2,307 \$ 412,859.00
Death Claims paid during the year.....	32 \$ 6,258.33

Maryland

Example No. 3. The only note of discouragement sounded in my investigation of this problem was by the Commissioner of Insurance of the state of Maryland, who writes me as follows: "I hesitate to give you the names of all the companies which have been up to this time conducting this class of business. Under the law passed at the last session of our legislature, it was required that companies should comply with certain requirements and conditions. I have recently completed an investigation of all

or nearly all of the companies conducted by Negroes, or which confine their business to the writing of insurance among the Negroes of Maryland, and have found that the condition of many of them to be very unsatisfactory indeed, and I think that it will be necessary that quite a number of them will have to discontinue business. However, I will give you the names of several that are in good standing, viz: Mutual Benefit Society of Baltimore, (which is operated by colored people),

Star Life Insurance Company,

Home Mutual Society,

Security Life Insurance Company,

State Mutual Aid Society,

the four latter all operated by white people, but which confine their business principally to the colored race.”

The situation may be accounted for in part by the fact that four white companies are in the field for Negro business. They were first to explore the business in the state and have more or less exploited it. Perhaps without warning the Negro institutions have not been able to immediately adjust themselves to the letter of the law. Here, we must take cognizance of the fact that in other cities, especially in the north, the white companies being first in the field have held it; if they were not organized solely for Negro business, they have found it profitable, hence they have solicited it.

North Carolina

Example No. 4. In the state of North Carolina there is one of the old line legal reserve companies which reports an Income of \$358,311.35; Disbursements \$341,082.21; Ledger Assets \$144,629.34; Admitted Assets \$144,089.97; Liabilities \$144,089.97; and a business for the year of 1913 of Benefit Certificates in force: Number 44,504, amounting to \$1,707,246.00. The company paid for sick and accident claims during the year \$166,116.24.

There are also six Fraternal Orders which report an Income from members of \$266,127.30; Disbursements \$246,434.76; Ledger Assets \$130,346.22; Admitted Assets \$119,303.94; Liabilities \$12,037.00. The amount of Benefit Certificates in force during the year 1913 was: Number 44,365, Amount \$4,294,024.40.

Table III

Life Company

Income	\$358,311.35
Disbursements	\$341,082.21
Ledger Assets	\$144,629.24
Admitted Assets	\$144,089.97
Liabilities	\$144,089.97

BUSINESS IN NORTH CAROLINA, DECEMBER 31, 1913

	Number	Amount
Benefit Certificates in force December 31, 1913	44,504	\$1,707,246.00
Certificates written during the year	26,304	\$ 773,428.00
Accident and Sick claims paid during the year . .		\$ 166,116.24

Fraternal Orders

Income (from members)	\$266,127.30
Disbursements	\$246,434.78
Ledger Assets	\$130,346.22
Admitted Assets	\$119,303.94
Liabilities	\$ 12,037.00

	Number	Amount
Benefit Certificates in force December 31, 1913	44,365	\$4,294,024.40
Benefit Certificates written during the year		Not Given
Claims paid		Not Given

Arkansas

Fraternal Insurance Societies

Example No. 5. Arkansas with a Negro population of 442,891, has five societies which report to the Superintendent of Insurance. The report shows Admitted Assets of \$59,351.53; Liabilities \$43,-579.50; Business in Arkansas December 31, 1913, Number of members 16,075; Insurance in Force, \$3,064,955.00; Paid to beneficiary \$60,889.00; and expenses for 1913, \$32,618.71.

Table IV

Fraternal Insurance Societies

Total Income	Not Given
Total Disbursements	Not Given
Admitted Assets	\$ 59,351.53
Liabilities	\$ 43,579.50
Business in Arkansas December 31, 1913	Not Given
Number of members December 31, 1913, 16,057	
Insurance in Force December 31, 1913	\$3,064,955.00
Paid to Beneficiary	\$ 60,889.48
Expenses 1913	\$ 32,618.71

Georgia

Example No. 6. The four assessment life companies in the state of Georgia report a total income of \$607,852.54; Total Disbursements \$612,424.73; Total Ledger Assets, as per balance \$90,525.80; Total Admitted Assets not given. Liabilities excluding capital not given.

And one of the old line legal reserve life companies has a paid up capital of \$100,000.00; Income \$69,025.07; Disbursements \$63,828.98; Ledger Assets \$120,537.60; Admitted Assets \$131,258.48; Policies in force December 31, 1913 Number 281; Amount \$221,500.00; Losses and claims incurred during the year 1914, \$5,327.50; Premiums collected, \$28,642.55.

Table V

Total Income	\$607,852.54
Total Disbursements	\$612,424.73
Total Ledger Assets, as per balance	\$ 90,525.80
Liabilities excluding Capital	Not Given
Total admitted Assets	Not Given

BUSINESS IN GEORGIA, 1913

Gross Premiums Received	Not Given
Gross Losses Paid	Not Given

Old Line Legal Reserve—Life Company

Capital paid up in cash.....	\$100,000.00
Income	\$ 69,025.07
Disbursements	\$ 63,828.98
Ledger Assets	\$120,537.60
Admitted Assets.....	\$131,258.48
Policies in force December 31, 1913, Number 281.	
Amount	\$221,500.00
Losses and claims incurred during the year 1914...	\$5,327.50
Premiums collected.....	\$28,642.55

Conclusion

Turning to the data collected, let us see what conclusions are warranted. It might be well to bring forward certain divisions of the study.

An inquiry was made to determine the time and the causes which led to the development of the insurance business among Negroes. It was found that early in the nineteenth century, when the Negro was a slave, the spirit of co-operation exhibited itself. In the state of Virginia the movement made rapid progress and when the slaves were freed the ties of the group were precipitated and they grew stronger.

The sick and benefit societies expanded their scope until the organizations not only attempted to care for the sick and give a burial, but they entered upon the activities of securing homes and hospitals to care for their members. Later they entered the competitive business field of insurance. Today there exist among them not only the fraternal order with the insurance business, but also incorporated companies who issue straight life, sick and benefit, limited payment life and the endowment policies. The business amounts to over three million dollars annually and they offer employment to hundreds of members of their group. They are also furnishing an avenue for investments for members of their race.

The insurance business is no longer local in its nature. Several companies are active in two or more states. As should be expected, the largest amount of the business is found in the southern states where the masses of the Negroes are. The movement is

not prominent in the great northern cities where thousands of our people have assembled in recent years on the account of favorable economic conditions. It is the opinion of the writer that many of these people hold their membership at their former homes, in the case of fraternal insurance.

As in other pursuits, it is found that the Negro has had practically no previous training for this business. The clerical help is on a par with that of similar vocations among white people, but there is a great need for trained business managers and men who are adept in mathematics to fill the one great need of actuaries. There is also a need of men who are prepared for field work.

The great significance of the value of social service rendered by these institutions must always receive attention. These insurance companies are making a real contribution to the race by and through their publications, by their agents in the field and by furnishing an incentive in the form of an achievement.

The note sounded by the state of Maryland for closer supervision over the insurance business, will force many inefficient organizations to close, and will of course work a hardship upon certain Negro companies in other states. A part of the Public General Laws of Maryland enacted January, 1914, states, "That such mutual, co-operative or assessment industrial insurance societies, associations or companies, organized and doing business in this State prior to January 1, 1914, and having a bona fide membership of not less than five-hundred persons, as shall, prior to July 1, 1895, reorganize as stock corporations under the provisions of Section 147, of this article and comply with all the requirements and provisions of said Sections, may have a paid up capital less than fifty-thousand dollars (\$50,000.00), but not less than ten thousand dollars (\$10,000.00), provided that in no case shall the assets of such company, including capital stock actually paid in, at any time be sufficient to provide full legal reserve upon all outstanding policies as required by law, over and above all other bona-fide debts and claims against it." While it is not likely that uniform government supervision may come to the states, because it is unconstitutional, it cannot be far distant when a mutual understanding and co-operation in making more stringent insurance laws in the states will be timely.

From the reports of the insurance commissioners of the several states the following data were taken. Since there is no uniformity in these reports, some of the items are not given; hence the figures presented fall short of the actual amount of business done. The assets were \$1,554,166.77; Income \$2,812,207.82; and Disbursements were \$2,794,283.44. The Insurance written during the year 1913 was \$30,21,768.74 and the Policies in Force the same year were valued at \$25,804,365.43.

The future aspects are encouraging. First, there is a deal of difficulty experienced with these institutions in securing bonding facilities. Secondly, the Negro has confined his energies to sick and beneficial and industrial life insurance. These two avenues should prove to be fertile fields for the modern Negro business man. Some of the older organizations are aware of the first demand and they are seriously considering the launching of a bonding company. The most hopeful aspect perhaps is to be found in the spirit of the Negro not only to get practical experience but he has caught the vision and is to be found in the larger universities preparing himself for his future vocation.

It is important to note that there are two large incorporated companies with a legal reserve of \$100,000.00 deposited with the Superintendents of Insurance in two states. Several smaller companies have a proportional amount of money on deposit as a reserve with state officials. Most of these companies have a consulting actuary. This is indeed a long step toward efficiency and real progress.

A national insurance organization was formed in 1913. This is a degree of advancement toward economic solidarity. It is a step removed from the traditional aspect of achievement.

The writer concludes that this line of endeavor will succeed among Negroes, but the fact needs to be emphasized that stronger supervision must be had. That is, more attention must be given to an increasing reserve which will correspond with the amount of increased business and trained men must be brought into its service. In a word, a high point of efficiency must be reached in the business, for it is in a strong competitive field.

Select Bibliography

"A Study of Insurance" by Charles H. Westley, A. M.

"A Study of Accidents and Accident Insurance," (1900), E. MacNeill.

"Atlantic University Publication, Number 12."

"Combination Policies," by Frank Hasbrouck, Superintendent of Insurance of the State of New York, September 18, 1914.

"Early History of Negroes in Business in Philadelphia," by Henry M. Minton, M. D.

Hampton Negro Conference Report, March 8, 1904.

"History of Negro Race in America from 1619-1880, New York, 1883," by G. W. Williams.

"Insurance, A Practical Exposition," (1904), by T. E. Young.

"Insurance, A Text Book," (1908), by W. A. Fricke.

Mutual Life Insurance Company Educational Leaflets, (1903).

National Convention of Insurance Commissioners, Report of Committee on Industrial Health and Accident Settlements, Milwaukee, Wisconsin, August 22-25, 1911.

Report on Insurance Supervision in Europe, by Hon. William H. Hotchkiss, Superintendent of Insurance, Albany, New York.

Reports of the State Superintendents of Insurance.

Report on Examination of the American Union Fire Insurance Company of Philadelphia, Pennsylvania, by Insurance Departments of Pennsylvania and New York, N. Y., March 1, 1913.

"Should We Abandon The American Restrictions Upon the Classes of Insurance Written both, (a) by a Company Doing Direct Writing and (b) by a Company Doing Reinsurance," by Frank Hasbrouck, Superintendent of the State of New York, September 16, 1914.

State of New York Insurance Department, "A Method of Determining Pure Premiums for Workmen's Compensation Insurance," by Harwood E. Ryn, Associate Actuary, October, 1914.

"Studies in Practical Life Insurance," by James M. Hudson, 1911.

"The Business of Insurance," by A. J. Wilson, (1904).

"The Story of Life Insurance," (1907), by B. J. Hendrick.

"The Total Disability Provision in American Life Insurance Contracts," Annals of The American Academy of Political and Social Science, May 1915.

"The Negro at Work in New York City," by George Edmond Haynes, Ph. D.

"The Negro Year Book," M. N. Work.

"The Economic Theory of Risk and Insurance," Allah H. Willet, Ph. D.

"The Present Insurance Situation from an Insurance Superintendent's Viewpoint," by William T. Emmet, Superintendent of Insurance of the State of New York, October 28, 1913.

"The Negro in Business before the War," Colored American Magazine, (1907).

"The Workmen's Compensation Situation in New York State," by Frank Hasbrouck, Superintendent of the State of New York, September 17, 1914.

"What Should be the Attitude of the State toward the Business of Fire Insurance?" by William T. Emmet, Superintendent of the State of New York, Cincinnati, Ohio, October 15, 1913.

"The Cost of Life Insurance," (Political Science, Quarterly, XX, 1905).

1

—

- 1

•

Schedule F

Insurance Companies

Commercial College Studies of Negroes in Business

George W. Hines, A.B., George Wm. Cook, A. M., LL. M.,
Collaborator Dean

1. Name.....
Place
2. When organized?.....What Capital?.....
3. What were the previous occupations of the officers of your company?
4. What kinds of policies do you issue?.....
5. State minimum and maximum premiums paid by policy holders.....
6. What amount of sick benefits were paid last year, 1914?.....
7. What amount of death claims were paid last year, 1914?.....
8. What amount of accident claims?.....
9. What do you find to be the general causes of sickness and death among your members?.....
10. What legal reserve do you carry for the protection of policy holders?.....
11. In what states do you operate?.....
12. Number you employ?.....Yearly amount of salary paid employees?.....
13. You will confer a favor by sending one of your recent statements.
14. Please send us a copy of your policies.
15. What are some of the problems of the insurance business as you see them?.....

REMARKS:

General Table

ASSETS.....	\$ 1,554,166.72
INCOME.....	\$ 2,812,207.82
DISBURSEMENTS.....	\$ 2,794,282.44
INSURANCE WRITTEN DURING YEAR 1913	\$ 3,021,768.74
POLOCIES IN FORCE IN 1913.....	\$25,804,365.43

NOTE: The above data were taken from the State Superintendent Reports. Most states require a report and a license to conduct an insurance business. Many items were not given by some of the states and the reports of some states could not be obtained.

DOBBS BROS.
LIBRARY BINDING

FEB 74

ST. AUGUSTINE

FLA.



32084

LIBRARY OF CONGRESS



0 011 696 428 4